

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 06377 161307Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 161226Z APR 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3935
INFO AMEMBASSY KUWAIT
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
USINT BAGHDAD

C O N F I D E N T I A L CAIRO 6377

EXDIS

E.O. 11652: GDS
TAGS: ETRD, EINV, EG, US
SUBJECT: ARAB BOYCOTT: COCA COLA

1. COKE VP, SAM AYYOUB, WHO HAS BEEN IN EGYPT PAST FEW DAYS TO DISCUSS COKE PROJECT, TELEPHONED ME THIS MORNING FROM ALEXANDRIA. AYYOUB HAD BEEN SCHEDULED TO CALL ON ME TODAY, BUT EXPLAINED THAT HE HAD BEEN DELAYED IN ALEXANDRIA. HE RETURNS TO U.S. TOMORROW.

2. ASKED ABOUT COKE PROJECT, AYYOUB EXPRESSED SATISFACTION WITH WAY THINGS ARE DEVELOPING. HE NOTED THAT THE COKE CITRUS PROJECT HAD BEEN APPROVED IN PRINCIPLE BY THE INVESTMENT AUTHORITY AND THAT THE EGYPTIANS HAD ALSO PROMISED TO ASSIST COKE IN GETTING OFF THE BOYCOTT LIST. EGYPTIANS--READ ABDUL MEGUID--HAD INSISTED, HOWEVER, THAT THE PRIMARY RESPONSIBILITY FOR HANDLING THE BOYCOTT MUST REST WITH COKE. THEY HAD SUGGESTED THAT HE WRITE A LETTER TO THE EGYPTIAN BOYCOTT OFFICE GIVING FULL DETAILS ON THE CITRUS PROJECT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 06377 161307Z

AND ASKING FOR REMOVAL FROM THE BOYCOTT LIST.

3. AYYOUB STATED HE HAD WRITTEN SUCH A LETTER AND PRESENTED IT TO THE EGYPTIAN BOYCOTT OFFICE IN ALEXANDRIA. THAT OFFICE IS HEADED BY TWO GENERALS. THEY HAD BEEN VERY CORIDAL, BUT HAD ALSO INDICATED THAT THE LETTER WAS NOT ENOUGH. THEY HAD PROPOSED THAT COKE

ALSO SUBMIT A SUPPLEMENTARY STATEMENT COVERING NOT ONLY ITS PLANS FOR EGYPT, BUT ALSO FOR ITS PLANS FOR ACTIVITIES IN OTHER ARAB COUNTRIES.

4. SUCH A STATEMENT, THEY HAD INSISTED, IS NEEDED TO PERSUADE REPRESENTATIVES OF OTHER ARAB BOYCOTT OFFICES TO AGREE TO THE REMOVAL OF COKE FROM BOYCOTT LIST. THE EGYPTIAN BOYCOTT OFFICE OFFICIALS, ACCORDING TO AYYOUB, WERE ALREADY FULLY ACQUAINTED WITH THE COKE CITRUS PROJECT AND RECALLED THAT IN NOVEMBER, 1975, THEY HAD WRITTEN A MEMORANDUM FOR USE AT AN ARAB BOYCOTT CONFERENCE URGING THAT COKE BE REMOVED FROM THE BOYCOTT. THAT EFFORT HAD BEEN UNSUCCESSFUL, SINCE OTHER ARAB STATES--AND ESPECIALLY KUWAIT--HAD OPPOSED COKE'S REMOVAL. SINCE THE NEXT BOYCOTT CONFERENCE IS SCHEDULED FOR MAY OF THIS YEAR, THE EGYPTIAN BOYCOTT OFFICIALS INDICATED THEY WOULD LIKE THE SUPPLEMENTARY STATEMENT BY THAT TIME.

5. SPECIFICALLY, THEY SUGGESTED THAT THE SUPPLEMENTARY STATEMENT INDICATE PAST COKE ACTIVITIES IN THE ARAB WORLD, INCLUDING AQUACHEM DESALINIZATION ACTIVITIES, AND WHAT COKE CAN DO TO HELP THE ARAB COUNTRIES ECONOMIC DEVELOPMENT. THE STATEMENT SHOULD ALSO INDICATE THE NUMBER OF LABRERS WHO WOULD BE EMPLOYED IN EGYPT AND OTHER ARAB STATES AS WELL AS PAST AND FUTURE ESTIMATED TOTAL SALES. IT SHOULD FOCUS ON HOW COKE ACTIVITIES WOULD BENEFIT EGYPT AND OTHER ARAB COUNTRIES.

CONFIDENTIAL

PAGE 03 CAIRO 06377 161307Z

COUNTRIES.

6. THE SUPPLEMENTARY STATEMENT SHOULD BE TAKEN TO ONE OF THE ARAB CHAMBERS OF COMMERCE IN THE U.S. FOR AUTHENTICATION AND SHOULD ALSO BE AUTHENTICATED BY ONE OF THE ARAB EMBASSIES IN WASHINGTON. AFTER THAT, IT SHOULD BE SENT ASAP TO THE EGYPTIAN BOYCOTT OFFICE FOR DISTRIBUTION TO OTHER ARAB BOYCOTT OFFICES.

7. AYYOUB SAID HE HAD TOLD THE EGYPTIAN BOYCOTT OFFICE THAT HE WILL RETURN TO THE U.S. TO PREPARE SUCH A STATEMENT. HE HAD INDICATED, HOWEVER, THAT COKE CANNOT SUBMIT ANY STATEMENT THAT VIOLATES U.S. LAWS AND REGULATIONS. IN THIS CONNECTION, AYYOUB HAD ALLUDED TO CURRENT CONGRESSIONAL CONSIDERATION OF AN ANTI-BOYCOTT LEGISLATION. THE EGYPTIAN BOYCOTT OFFICIALS HAD INDICATED UNDERSTANDING AND SUGGESTED THAT THE COKE STATEMENT BE DRAFTED IN A MANNER WHICH WOULD PROVIDE THE NEEDED DATA TO ENABLE THE COKE CASE TO BE ARGUED AND

YET BE CONSISTENT WITH USG LAWS AND REGULATIONS. AYYOUB
STATED HE HOPES TO BE BACK IN CAIRO IN A FEW WEEKS
TIMES WITH SUCH A SUPPLEMENTARY STATEMENT.

8. I THANKED AYYOUB FOR BRINING ME UP TO DATE AND
URGED THAT COKE ATTORNIES REVIEW ANY SUCH STATEMENT
CAREFULLY TO BE SURE IT IS CONSISTENT WITH U.S.
LEGISLATION. I ALSO INDICATED MY WILLINGNESS TO BE
OF ANY HELP AND ASKED IF HE HAD SEEN MINSTATE MOHAMED
RIAD ON THIS TRIP. AYYOUB INDICATED THAT HE HAD
TRIED TO SEE RIAD BUT LATTER HAD AVOIDED ANY MEETING.
NEVERTHELESS, AYYOUB SEEMED ENCOURAGED ABOUT APPARENT
EGYPTIAN WILLINGNESS TO ARGUE COKE CASE IN UPCOMING
BOYCOTT COFERENCE AND BY THE FACT THAT THE PROJECT
FINALLY SEEMS TO BE MAKING SOME HEADWAY.
EILTS

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